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FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of

Local Exchange Carriers' Rates,
Terms and Conditions for Expanded
Interconnection for Special Access

CC Docket No. 93-162

DIRECT CASE OF THE
NYNEX TELEPHONE COMPANIES

New York Telephone Company ("NYT") and New England Telephone and Telegraph Company ("NET") (collectively, the "NYNEX Telephone Companies" or "NTCs"), pursuant to the Commission's July 23, 1993 Order Designating Issues for Investigation ("Order"), DA-93-951, hereby submit their Direct Case in the above matter.

I. INTRODUCTION

On February 16, 1993 the NTCs, pursuant to Commission Order,¹ filed Transmittal No. 165 which proposed to introduce interstate Special Access expanded interconnection on a permanent basis.² On March 15, 1993 several parties filed

¹ Expanded Interconnection with Local Telephone Company Facilities, 7 FCC Rcd 7369 (1993) ("Expanded Interconnection Order").

² On May 27, 1993, the NTCs filed Transmittal No. 197, which amended Transmittal No. 165 in certain minor respects.

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petitions to reject or, in the alternative, suspend and investigate Transmittal No. 165, and the NTCs filed their Opposition to the petitions on April 5, 1993. On June 9, 1993, the Common Carrier Bureau ("Bureau") released the Expanded Interconnection Tariff Order³ which, *inter alia*, partially suspended the Special Access expanded interconnection tariffs filed by the NTCs and other LECs, initiated an investigation into the lawfulness of these tariffs, and imposed an accounting Order. On July 23, 1993, the Bureau issued its Designation Order.⁴

In the Designation Order, the Bureau designated a number of issues for investigation. First, the Bureau ordered the LECs to provide detailed cost data in support of their proposed rates. The Bureau also ordered the LECs to justify certain elements of their rate structures. Finally, the Bureau ordered the LECs to justify certain of the terms and conditions contained in their tariffs, among which are their tariff provisions concerning termination, space warehousing, relocation, insurance and liability. The NTCs' responses to each of the specific issues designated for investigation by the Commission are contained in Appendices A through P.

³ Ameritech Operating Companies, Transmittal No. 697, *et al.*, 8 FCC Rcd 4589 (1993) ("Expanded Interconnection Tariff Order").

⁴ Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection for Special Access, DA 93-951, CC Docket No. 93-162, released July 23, 1993 ("Designation Order").

The NTCs' demonstrate in their Direct Case that their rates for Special Access expanded interconnection are reasonable and are fully supported. Furthermore, the terms and conditions contained in the NTCs' Special Access expanded interconnection tariff are also reasonable, as demonstrated both in this Direct Case and by the successful implementation of expanded interconnection by the NTCs in the intrastate jurisdiction. The Commission should, therefore, promptly terminate this investigation of the NTCs' Special Access expanded interconnection tariff, without requiring further modification of the NTCs' rates or terms and conditions.

II. THE NTCs' SPECIAL ACCESS EXPANDED INTERCONNECTION RATES ARE FULLY SUPPORTED

Several parties have accused the LECs, including the NTCs, of attempting to discourage expanded interconnection by filing unreasonable rates.⁵ As the NTCs demonstrate in Appendices A and B of their Direct Case, their rates and rate structure are fully supported and are not unjust and unreasonable.

The rates filed by the NTCs are just and reasonable. As required by the Expanded Interconnection Order, the NTCs have priced each of their recurring and nonrecurring rate elements at fully distributed cost, recovering the direct cost of providing the service, plus uniform overhead loadings.

⁵ See, e.g., Metropolitan Fiber Systems, Petition to Reject or, Alternatively Suspend, dated March 15, 1993, at pp. 4-7 ("MFS").

The NTCs' expanded interconnection rates have been set at a level which will foster competition. Several of the parties that filed petitions opposing the NTCs' tariff conceded that the NTCs' rates for Special Access expanded interconnection are among the lowest in the industry.⁶ More importantly, the substantial demand for expanded interconnection experienced by the NTCs in the state jurisdiction provides market-based confirmation of the reasonableness of the NTC's tariff.⁷

III. THE TERM AND CONDITIONS OF THE NTCs' SPECIAL ACCESS EXPANDED INTERCONNECTION TARIFF ARE NOT UNJUST OR UNREASONABLE

The terms and conditions of the NTCs' Special Access expanded interconnection tariff are commercially reasonable and are fully supported.⁸ The NTCs provide customers with space within the NTCs' serving wire centers to locate certain customer provided fiber optic or microwave facilities and transmission equipment, as required by the Expanded Interconnection Order. The Expanded Interconnection Order requires only that the LECs "make physical collocation available to all interconnectors that request it" so that the

⁶ See Teleport at Table 1, Table 2B and Appendix A, Item 23; MCI at pp. 13-14 and Exhibit 1; MFS at pp 27-28.

⁷ There are currently 18 intrastate expanded interconnection arrangements operational in New York and 12 in Massachusetts.

⁸ For a detailed discussion of the specific tariff terms and conditions designated for investigation by the Bureau, see Appendices C through P.

interconnector may "house the equipment necessary to terminate its transmission links, and [have] physical access to the LEC central office to install, maintain, and repair the equipment."⁹ The Expanded Interconnection Order does not require, as some parties would suggest, that the LECs must provide interconnectors with space on an unrestricted basis.

Furthermore, the terms and conditions in the interstate tariff are virtually identical to those contained in the state expanded interconnection tariffs, which have been in operation for approximately two years. These terms and conditions have worked well, as has been demonstrated by the successful implementation of expanded interconnection by the NTCs in the intrastate jurisdiction.

⁹ Expanded Interconnection Order at ¶ 39.

IV. CONCLUSION

As demonstrated in the NTCs' Direct Case, and in the other pleadings filed in connection with their Special Access expanded interconnection tariff, the NTCs' rates are reasonable. Furthermore, the terms and conditions contained in the tariff are just and reasonable and will foster increased competition. The Commission should promptly terminate this investigation.

Respectfully submitted,

New York Telephone Company
and
New England Telephone and
Telegraph Company

By: 

Edward R. Wholl
Edward E. Niehoff

120 Bloomingdale Road
White Plains, NY 10605
914-644-5971

Their Attorneys

Dated: August 20, 1993

A. ARE THE RATE LEVELS ESTABLISHED IN THE LECs' PHYSICAL AND VIRTUAL EXPANDED INTERCONNECTION TARIFFS EXCESSIVE?

General Support Requirements

a) Tariff Review Plan

Attached as Attachment A is the cost support data in the format specified in the Tariff Review Plan ("TRP") in Appendix C of the Designation Order. The data include disaggregated unit investments and expenses for the recurring expanded interconnection rate elements as required by the Designation Order.¹ The data do not include disaggregated unit investments for the NTCs' nonrecurring rate elements, since the NTCs' nonrecurring rate elements are not investment based.

ISSUE:

b) Itemized Cost Information

- (1) In order to evaluate the reasonableness of the investments, expenses, and taxes listed in each TRP chart, LECs must provide documentation for all listed items. Documentation should include a complete explanation of how the costs for each item were derived, including relevant worksheets and source listings. In addition, any cost factors (e.g., "annual charge factors" or "carrying charge factors") should be fully explained and justified.

¹ Designation Order at ¶ 14.

RESPONSE:

Recurring Costs

1. Building Space²

The NTCs used data from their Continuing Property Record ("CPR") and Building Inventory System ("BIS") databases to develop the annual investment per square foot for multiplexing node space, roof space and transmitter/receiver space.³ The NTCs derived a monthly recurring cost per square foot for each central office, by multiplying the investment per square foot for the central office by a carrying charge factor ("CCF") from the Automated Reporting Management Information System ("ARMIS") and then dividing by 12. These calculations are shown in WS-1 of Transmittal No. 165, which is attached as Attachment B.

In order to ensure that there was no double recovery, the ARMIS CCF used to derive the monthly recurring cost per square foot for each central office was adjusted by removing the land and building portion of the CCF.⁴

2 "Floor Space Function" in TRP.

3 CPR tracks the NTCs' net investment in land and buildings for each NTC-owned property. BIS tracks the amount of square feet of space in NTC buildings.

4 The ARMIS CCF used to develop investment-related cost support for all NTC service offerings, including Special

2. DC Power⁵

The NTCs developed the costs for DC power using an engineering study for a typical central office power plant configuration to identify the investment and power capacity (measured in amps) for the typical central office. The NTCs divided the power plant investment by the capacity of the power plant to derive an investment per amp. The NTCs then multiplied the investment per amp by the ARMIS CCF to derive a cost per amp of \$8.15. These calculations are provided in WS-2 of Transmittal No. 165, which is attached as Attachment C.

3. Cable Space⁶

There are two investment components associated with cable space: (i) the cable vault; and (ii) frames and other hardware which support cables within the central office. The NTCs identified the costs of the cable vault associated with expanded interconnection by multiplying

4 (Footnote Continued From Previous Page)

Access Expanded Interconnection, is .488183. The ARMIS CCF developed to calculate investment related costs for building space is as follows.

Annual CCF	.488183
<u>Less</u> Land & Building CCF	.062828
<u>Equals</u> Building Space CCF	.425355

5 "DC Power Generation Function" in TRP.

6 "Entrance Facility Space Function" in TRP.

0.16 (the ratio of average square feet of vault space to the average square feet of total central office space in the offices in which there were operational state expanded interconnection arrangements) by \$3.21 (the average cost per square foot of space as shown in WS-1). The monthly recurring cost of cable vault space associated with a 100 square foot multiplexing node is calculated as follows:

$$.16 \times \$3.21 \times 100 \text{ sq. ft.} = \$51.36$$

The NTCs identified the costs associated with frames and other hardware by dividing average frame investment by average central office square feet to derive an average frame investment per square foot of central office space. The NTCs' average frame investment per square foot is \$80.39.⁷ The NTCs multiplied this amount by the ARMIS CCF of .488183 to derive an annual frame cost of \$39.25 per square foot. The monthly frame cost per square foot was developed by dividing the annual frame cost per square foot by 12. To calculate the monthly recurring costs of cable space the NTCs assumed that an average fiber optic cable is approximately one inch in diameter, and that a fiber optic cable occupies 1/12th of a square foot.

⁷ This number was derived from the CPR and BIS databases..

The monthly recurring costs of cable space per linear foot, per cable, are calculated as follows:

$$\$80.39 \times 0.488183 \times 1/12 \times 1/12 = \$0.27$$

4. Office Channel Terminations⁸

There are four components of investment associated with the DS1 and DS3 Office Channel Termination ("OCT") rate elements:

- (i) A termination at the NTCs' Digital Service Cross Connection ("DSX") frame;
- (ii) The cable between the DSX frame and the Point of Termination ("POT") intermediate frame;
- (iii) A termination at the NTC side of the POT frame; and
- (iv) A termination at the customer's side of the POT frame.

The NTCs developed the fully distributed monthly recurring costs associated with DS1 and DS3 OCT rate elements by applying ARMIS CCFs to the termination and cable investments associated with providing the OCT. The termination and cable investments are developed from current vendor price information, and engineering and labor costs associated with the placement of the equipment

⁸ "DS1 Cross Connection: Cable and Cable Support Function" and "DS1 Cross Connection: Termination Equipment Function" in TRP.

in the central office. The monthly recurring cost of a DS1 OCT is \$6.43, and the monthly recurring cost of a DS3 OCT is \$80.36. The calculations of these costs are provided in WS-3 of Transmittal No. 165, which is attached as Attachment D.

Nonrecurring Costs

1. Building Space

The NTCs developed the nonrecurring costs associated with a typical multiplexing node based on the actual nonrecurring costs associated with 12 multiplexing nodes for which the NTCs have rendered bills under state expanded interconnection arrangements. These nonrecurring costs include design and engineering of the space as well as installation of cable racks, cabinets, caging, lighting and power equipment. Based on the bills rendered by the NTCs in connection with these 12 multiplexing nodes, the average nonrecurring cost of providing a 100 square foot multiplexing node is \$54,878.⁹ These calculations are provided in WS-4 of Transmittal No. 165, which is attached as Attachment E.

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The variation in the cost of the installations (from a low of \$33,036 to a high of \$80,206) is attributable to the fact that preparation costs will differ depending on the physical conditions in each central office. Furthermore, the initial cage construction in a central office will typically be more costly than succeeding installations, since much of the common preparation costs are incurred in connection with construction of the initial cage in a central office.

2. Office Channel Terminations

The nonrecurring costs associated with establishing an OCT differ depending upon whether the expanded interconnection customer is requesting new Special Access service (which involves establishing an OCT and a Channel Termination) or requesting to "rollover" an existing DS1 or DS3 Channel Termination or OCT service to a new OCT service. In either case, three separate work efforts are required: (i) the Interstate Carrier Services Center ("ICSC") must receive the customer's service request and issue a service order; (ii) the Circuit Provisioning Center ("CPC") must process the service order and perform other provisioning work; and (iii) the Central Office - Network group must perform the central office or field work associated with the service order. The nonrecurring costs associated with each of these work efforts are developed using either a time and motion or a task oriented costing study. These studies develop the average estimated time required to perform work functions based on interviews with and observation of the individuals performing those functions. These average times are then multiplied by the labor rate (directly or fully allocated) for that department. The nonrecurring costs associated with the work efforts described above are shown in WS-5 of Transmittal No. 165, which is attached as Attachment F.

The nonrecurring costs associated with establishing a new OCT service and OCT rollovers are as follows:

NONRECURRING OCT COSTS

	<u>NEW OCT</u>	<u>ROLLOVER OCT</u>
DS1	\$270.66	\$284.59
DS3	\$393.44	\$407.37

The difference between the nonrecurring costs associated with OCT rollovers and establishing a new OCT service are due to the way ICSC costs are attributed to channel terminations. When a new OCT service is established, the nonrecurring costs of the ICSC are divided equally between the OCT and the Channel Termination. Thus, the ICSC costs attributed to the new OCT service are one-half the total ICSC costs associated with issuing the service order. When a customer is rolling over an existing Channel Termination or existing OCT to a new (rollover) OCT, however, all of the ICSC costs associated with issuing the service order are attributed to the new (rollover) OCT.

ISSUE:

(b) Itemized Cost Information

- (2) LECs must explain whether investment amounts are calculated on a prospective basis, embedded basis, or some other basis. LECs must also justify the depreciable lives for each item of equipment listed in the TRP. In addition, LECs must justify the percentage cost of money used in its rate calculations, as displayed on each TRP chart.

termination and power plant equipment Part 32 account 2232 has a projected life of 11 years. The estimated depreciation factor based on the investment and projected depreciation life is shown below.

<u>Rate Element</u>	<u>Investment</u>	<u>Life</u>	<u>Annual Dep Exp</u>	<u>Dep FCTR</u>
Entrance Facility Space	(A)	(B)	(C)=(A/B)	(D)=(C/A)
Cable vault space	\$1,451.20	49	\$29.62	.020408
Space/linear foot	6.70	30	\$.22	.0333333
Floor Space				
NET	\$79.91	49	\$1.63	.020408
NYT Band 1	\$60.41	49	\$1.23	.020408
NYT Band 2	\$84.73	49	\$1.73	.020408
NYT Band 3	\$109.79	49	\$2.24	.020408
NYT Band 4	\$144.58	49	\$.95	.020408
Termination Equipment				
DS1	\$146.00	11	\$ 13.27	.090909
DS3	\$1433.00	11	\$130.35	.090909
DC Power generation	\$200.35	11	\$18.21	.090909

The NTCs did not, however, use investment-specific depreciation factors in developing their rates. Rather, as with all of their new service offerings, the NTCs use average actual depreciation expense for Special Access COE, divided by Special Access COE investment from the ARMIS monitoring reports. The averaged CCF for depreciation is .105112. The calculation of the depreciation CCF is contained in Workpaper CCF1, page 1, which is attached as Attachment G.

The Commission also requests justification of the cost of money used by the NTCs in their rate calculation. The NTCs used the allowed rate of return of 11.25% to calculate their cost of money. The development of the return on investment CCF is shown in Workpaper CCF1, pages 2 and 2.1 (Attachment G).

ISSUE:

(b) Itemized Cost Information

- (3) For each nonrecurring charge that recovers labor costs, LECs must describe each labor function, provide the estimated number of hours required for each function, describe the method of estimation, and provide the estimated labor costs. LECs must describe whether the estimated labor costs reflect only wages, wages plus benefits, wages plus benefits plus loadings, or whether these costs are estimated on some other basis. If loadings are included in labor costs, LECs must describe the loadings in detail and what portion of the reported wage rate is attributable to loadings.

RESPONSE:

The 2 rate elements that recover labor costs are the Cage Construction charge and the nonrecurring OCT charge.

There are two labor rates that are recovered in the Cage Construction NRC: the Equipment Installation function and the Equipment Engineering function. The Equipment Installation group in NET is responsible for the installation of toll switching, power transmission and signalling equipment within the serving wire center. In the case of the cage construction, this would include primarily the cabling and racking structures.¹¹

The Equipment Engineering group is responsible for the preparation of equipment design recommendations and equipment ordering and installation coordination. The associated labor

¹¹ In NYT, this work is performed by subcontractors. Therefore, the labor rate is based only on the amounts billed by the subcontractors to NYT, and does not contain overhead loadings.

rates included in the cage construction are shown on Attachment H.

The nonrecurring OCT charges recover labor costs associated with ICSC, CPC and C.O. Network. The ICSC handles the customer's service request and issues the service order. The CPC further processes the service order and designs and assigns the circuit facilities. The C.O. Network Group performs the circuit installation and testing work. The number of hours required for each function are developed using either a time and motion or a task oriented costing study. These studies develop the average estimated time required to perform work functions based on interviews with and observations of the individuals performing those functions. These average times are then multiplied by the labor rate for that department.

The associated labor costs for the functions described above are shown on Attachment H. The labor costs include wages, benefits and loadings. The loadings include supervisory loadings, corporate operations expense, information management expense, general computer expense, house service expense and plant operations expense.

The portion of the labor rates attributable to loadings are as follows:

<u>PORTION ATTRIBUTABLE TO LOADINGS</u>	
<u>OCT NRC</u>	
ICSC	32.93%
CPC	27.35%
COF	25.07%

CAGE CONSTRUCTION

DS1/DS3

EQUIPMENT ENGINEERING	24.12%
EQUIPMENT INSTALLATION	6.50%

ISSUE:

(c) Overhead Cost Information

- 1) In order to evaluate the reasonableness of overhead loading amounts that LECs include in expanded interconnection rates, each LEC must provide information regarding overheads for comparable services. LECs must provide the following specific information. First, each LEC must provide the overhead amounts or overhead factors used to develop each rate element of expanded interconnection service, explain the basis of the overhead amounts or factors, and explain how they were derived. In addition, LECs should justify any "rounding" of costs included in the filed rates. LECs should provide numbers and associated sources used to compute any overhead ratios. To the extent that overheads vary among expanded interconnection rate elements, the LEC should explain why. Second, each LEC must provide overhead factors for all DS1 and DS3 services it offers, on a service-by-service basis. Thus, overheads for generic DS1 and DS3 services, as well as discounted volume and term services and specialized services, must be provided. LECs should explain the basis for any difference in overheads (1) among the various DS1 and DS3 services; and (2) between DS1 and DS3 services on the one hand and expanded interconnection services on the other. Third, LECs should explain to what extent

expanded interconnection overhead costs were adjusted to prevent double-recovery of overheads by expanded interconnection rate elements, as described in the Special Access Tariff Order.

RESPONSE:

The NTCs' CCFs are developed on an annual basis from the database which creates the ARMIS monitoring reports. These factors, generally released concurrent with the July 1st effective date for new rates, are used for every new Special Access service filing during the rate period. Individual factors are developed for NYT and NET and a unified NTC factor is also developed. This filing utilized the unified version of the factors. The CCFs used to develop the recurring rates in the filing were the same CCFs which had been used to develop the recurring rates for all new Special Access Services since July 1, 1992. Workpaper CCF 1 (Attachment G) shows the direct and indirect CCFs with their column and line sourcing to the ARMIS monitoring report 43-04.

The Multiplexing Node Construction cost was rounded up from \$54,878 to establish the rate at \$54,900. This rounding amount of .04% provides the ability to bill in full dollar amounts. All other NTC nonrecurring charges are set at Fully Allocated Costs. All recurring rates were set at ARMIS defined Fully Distributed Costs.¹²

¹² Fully Distributed Cost refers to the recurring costs developed using investments and fully distributed CCFs. Fully allocated describes the labor rates applied to time needed to complete tasks which go into the nonrecurring costs.

All of the recurring rates proposed used the same indirect (overhead) CCFs, except the recurring rate for building space which excluded the land and building portion of GSF expense from the indirect cost development. This exclusion properly avoided double recovery of the land and building expenses in the rate for building space. The calculation of the indirect CCF for building space is shown on workpaper CCF2, attached as Attachment I.

With the exception of the specifically developed Expanded Interconnection Building Space CCF,¹³ the NTCs use the same CCFs for all new services. The NTCs use ARMIS generated CCFs to determine the Direct Cost and Fully Distributed Cost associated with the investment required to provide new services. These investment-related costs are typically recovered through a monthly rate. The NYNEX COE CCFs are as follows:

Direct CCF	.325892
Overhead CCF	.162291
Fully Distributed	.488183

The NTCs use Fully Allocated Labor Costs to determine the cost of Service Provisioning. These service order and installation costs are typically recovered through a nonrecurring charge.

Overhead represents 33% of the Fully Distributed CCF. These CCFs were used in Transmittal No. 165, and were also used

¹³ See Appendix A, page 2, supra.

to determine the Direct and Fully Distributed cost of all NTC DS1 and DS3 services that have unified pricing.¹⁴

Overhead represents 29% of the Fully Distributed CCF for NET and 34% of the Fully Distributed CCF for NYT.

As shown on Attachment J, the Channel Termination for both DS1 and DS3 in NET and NYT is priced higher than Fully Distributed Cost and therefore provides contribution to other NTC services. The Expanded Interconnection Office Channel Termination, however, is priced at Fully Distributed Cost and therefore does not provide contribution to other NTC services.

ISSUE:

- (2) It appears that some LECs have used "closure factors" in order to include overhead amounts in expanded interconnection rates...LECs that have used closure factors should explain how the use of closure factors results in reasonable estimates of overhead costs for expanded interconnection.

RESPONSE:

- (2) Not applicable. The NTCs did not use "closure factors" in developing their rates for expanded interconnection.

¹⁴ For those services that do not have unified pricing, separate CCFs are used for NET and NYT. These CCFs are as follows:

	<u>NET</u>	<u>NYT</u>
Direct CCF	.271562	.346719
Overhead CCF	.111138	.178812
Fully Distributed CCF	.382700	.525531

ISSUE:

(d) Sample Price Outs

Although expanded interconnection service is sold on an individual rate element basis, the cost of the overall service is a significant factor that interconnectors consider when deciding whether and to what extent to order interconnection service. In order to gauge the overall service costs of a sample interconnection configuration, we require that each LEC provide "price outs" for the provision of 100 DSIs, as specified in the sample Price Out Chart in Appendix D of this Order....

RESPONSE:

The NTCs' "price out" is shown as Attachment K.¹⁵ The calculation includes the average rate for NTC floor space of \$3.21 and the average cable length for existing Expanded Interconnection locations of 400 feet.

This calculation results in a monthly cost per DSI of \$30.53 or cost per equivalent DSO of \$1.27. In 5 years, when the cost of the cage construction is recovered, the cost will drop to \$18.53 per DSI or \$0.77 per DSO.

ISSUE:

(e) Nonrecurring Charges for Recurring Costs

Typically, nonrecurring charges recover one-time labor costs or one-time capital outlays. However, certain carriers computed nonrecurring charges for central office

¹⁵ The sample price out contained in the Designation Order assumed that nonrecurring costs would be amortized over a 5-year period at a 10 percent interest rate. In accordance with the Designation Order the NTCs have assumed, for purposes of their calculation, amortization over 5 years at an 11.25 percent interest rate.

construction, power installation, or other rate elements based on the present discounted value of recurring costs associated with the capital outlay....

RESPONSE:

- 1) Not applicable. The NTCs did not compute nonrecurring charges for central office construction, power installation, or other rate elements based on the present discounted value of recurring costs associated with the capital outlay.

ISSUE:

(f) Floor Space Charges

- 1) All LECs should quantify the difference between the cost at book value (embedded cost) and the cost at market value (current or prospective costs) of land and building associated with central offices that offer expanded interconnection service. Each LEC should provide estimates for the average cost per square foot under each method and justify the method it selected in setting its floor space charges.

RESPONSE:

The NTCs developed the embedded cost of Building Space for each of the central offices being offered for expanded interconnection. This is a standard method used for developing cost based rates. The NTCs did not use the market value of each of those central offices as a basis for establishing their rates. Moreover, the NTCs do not have detailed information concerning the market value of their central offices, and it would be a lengthy and expensive process to conduct the real estate appraisals necessary to determine the market value of

each of the central offices in which expanded interconnection is available.

ISSUE:

- 2) LECs that have added maintenance costs, administrative costs, or other costs to the market value rental rates to determine filed floor space rates should explain why the market rental rates used did not already include these costs....

RESPONSE:

- 2) Not applicable. The NTCs did not use market value rental rates.

ISSUE:

- 3) Companies that based their floor space rates on data from the C.S. Means publication, the BOMA publication, or any other similar publication should provide copies of the relevant pages of these publications....

RESPONSE:

- 3) Not applicable. The NTCs did not base floor space rates on data from the R.S. Means publication, the BOMA publication, or any other similar publication.

ISSUE:

- 4) Companies that based their floor space rates on the costs in a sample of central offices rather than all central offices should identify the basis on which they chose their sample....

RESPONSE:

Not applicable. The NTCs did not base their floor space rates on the costs in a sample of central offices.

ISSUE:

(g) Power Charges

- 1) All LECs should provide the equations used to compute the costs of the AC power cost included in the cost of DC power. The LECs should explain all variables and parameters used in the equations.

RESPONSE:

Not applicable. The NTCs do not have AC power costs in the cost of DC power. Subsections 2 and 3 of Section (g) are not applicable to the NTCs.

ISSUE:

(h) Cross-Connection Charges and Termination Equipment Charges

- 1) Some companies include repeaters in provision of cross-connection service. All LECs should state what percentage of cross-connected circuits are assumed to require repeaters for the purposes of calculating cross-connection charges....

RESPONSE:

The NTCs do not include repeaters in the provision of cross-connection service. The NTCs' tariff provides that the customer will provide any necessary repeaters. (See Section 28.6.2(b)).